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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

COUNTRY USSR

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SUBJECT Construction Costs/Material Shortages/Quality and Quantity of Building Materials and Equipment

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THIS IS UNEVALUATED INFORMATION

1. On the basis of the budget which had been adopted, the various Ministries advised their departments of the sums allocated for normal construction projects. The Construction Administration compiled the total volume of construction to be carried out according to previously approved estimates. It then entered into agreements with Construction Trusts and the Trusts were paid through the bank as they executed their work.

2. The actual cost of the work always exceeded the estimates. In some cases funds allocated according to the estimates were exhausted when the construction was only 50% completed. The estimates were usually exceeded because:

A. The Construction Trusts normally paid the workers at a higher rate than provided for by the estimate, to guarantee them a minimum living wage.

B. A flexible construction index was introduced to allow for relative inconvenience of the work and crowding of personnel on the job. For example, while a plasterer was at his job working on a wall, plumbers, electricians, and finish carpenters might all work in the same area at the same time getting in each others way. This was caused by poor supervision and worker's fear of reprisal if he did not complete his work norm. There were instances when the same work was paid for twice. Without exception all of the work was piece-work.

C. Slowdowns and interruptions in the normal process of work caused by shortages of certain materials i.e. 4" nails were needed by the carpenters and only 2½" nails were available.

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D. Special preparations taken in order to enable certain workmen to show an exceptionally high production record i.e. a bricklayer would be selected to set a standard or norm using the stakhanovite system. Whereas a normal bricklayer, under normal conditions, would lay 500 to 600 bricks per working day, the selected workman would have huge stacks of bricks and mortar within his immediate reach and under the system would lay 1000 to 1500 bricks. The Construction chiefs would then set that figure to be the bricklayers norm.

E. Unforeseen expenditures for moving materials at the construction site i.e. during the construction when a certain part of the project was delayed due to shortages of certain materials, the remaining materials such as sand, gravel, etc. would be moved to a different part of the construction project causing additional delay and expenses.

F. Work performed during the winter.

G. Purchases of miscellaneous items at inflated prices i.e. when the outlets for building materials were short of a certain item such as 4" nails, these miscellaneous items had to be purchased at retail costs or at inflated prices. Many materials often could not be purchased through regular channels, although each construction project was granted funds for materials according to its needs. The Construction Trusts had to obtain unavailable materials from factories or warehouses. The departments in charge of procuring materials (the Department of Supply of the Construction Trusts and Construction Administration) always had a large number of special employees or agents on hand. These special employees or agents had many friends and could obtain the materials that were in short supply by bribing. Bribing was practiced in secret.

H. Overestimates for materials to be purchased were submitted, because the engineer in charge knew that the supplier would slash his estimates 10 to 20%. This resulted in the surplus of one kind of a material and the shortage of another. For example, nails and spikes would be delivered with an over supply of spikes and a shortage of $2\frac{1}{2}$" nails. As a result, various Construction Trusts were forced to barter their materials with each other. This procedure was punishable by law, but was practiced otherwise work could not proceed.

I. Often the Construction Administration did not rely on the honesty of the trust and obtained the materials itself. The Administration delivered the materials to the Trusts at the work site so that the Trusts could not use the materials at another construction project.

3. The Trusts avoided bankruptcy by submitting various additional bills to the Construction Administration. These additional bills or charges were usually on non-existent items. The Construction Administration did not have funds to pay these bills and therefore did not accept them, but instead referred them to the Arbitration Board. As a rule the Arbitration Board approved the claims of the trust up to 50 to 75%. The Construction Administration then paid the claims out of funds earmarked for the following year. Consequently the official cost of construction never corresponded to the actual expenditures. Actual costs were carefully hidden.

4. The quality of building material was almost always unsatisfactory. The engineer of the construction project had but one objective, that was to make sure that his buildings did not collapse. Through various means he made sure that his columns, crosbeams, and foundations were adequately constructed. If the brick for the walls was of inferior quality that was of no concern. If there was a shortage of cement for floors, the floors were laid anyway. If the walls crumbled or the floors caved in, the engineer was not held responsible but if columns, beams, or foundations broke down, it meant a prison sentence at the least.

5. The quality of building equipment was satisfactory but depended on maintenance. Welding machinery, elevating hoists, etc. performed well only if they were constantly repaired. On the other hand quantity of building equipment was always insufficient, especially light equipment and hand tools. Therefore, many jobs were performed by hand. The basic tools of a carpenter were the ax, hand saw, and the plane. There were no electric hand saws. However, there was a sufficient supply of stationary woodworking lathes, circular saws, band saws, and planers. There were no electric machines for screwing up bolts. There were no ditch digging machines for laying water, gas, and sewer mains. All ditches were dug by hand. There were no bulldozers, therefore, grading was done by hand. There were no sectional metal scaffoldings.

6. There were no special machines for laying concrete but machines for laying asphalt were of excellent quality. The few concrete-laying machines that were employed were used only on special construction projects. The asphalt-laying machines, first imported from Germany and later manufactured in Kharkov, USSR, were used to build roads in and around Moscow. The superhighway between Moscow and Smolensk, built prior to World War II, was constructed with these machines. The hand-laid cobblestone base was built, however, in a labor-consuming manner. Streets of Moscow, which were constantly used by high Soviet dignitaries, i.e. Stalin, Molotov, etc., were the only roads that had been covered by asphalt when World War II began.

7. Administrative procedures followed for normal construction were not necessarily followed for extraordinary projects such as the Moscow Subway. The subway was built without any consideration for estimates or expenditures. When Kaganovich, who was in control of the construction and headed the special organization, received samples of fabrics of upholstery for the seats of the subway cars, he ordered that the upholstery should be of leather, even though there was not enough leather in the USSR for shoes. Marble and other expensive stone was brought to the subway project from great distances without any consideration of expense.

8. Money was no object at the Palace of the Soviets project. The framework was made of a specially manufactured manganese steel of high quality and of a specially made cement (a low-heat insulating cement).

9. The Church of Christ the Savior and surrounding buildings were razed in 1932 to make way for this project. By World War II the foundations were laid, part of the framework erected, and the concreting of floors started. During World War II, the framework was dismantled and the steel used for war needs. To the best of my knowledge construction of the Palace of the Soviets was not resumed after World War II even though over 400 million rubles had already been spent on it.

10. Certain buildings inside the Kremlin, the buildings of the NKVD headquarters, and several top secret military plants were all constructed by the construction division of the NKVD and without the use of slave labor.

11. Construction projects carried out by use of slave labor (the White Sea Canal and others in the North) used machinery and equipment of minimum quality. The projects were built basically with hand shovels and wheelbarrows without consideration of labor.

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